

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

In the matter of the application of

DECCAN AVIATION LTD.

for an exemption from 49 U.S.C. §41301

Docket DOT-OST-2007- 0036

APPLICATION FOR EXEMPTION

Communications with respect to this document should be addressed to:

Marshall S. Sinick
Constance O'Keefe
Squire, Sanders & Dempsey L.L.P.
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
(202) 626-6651 phone
(202) 626-6780 fax
msinick@ssd.com

Counsel to Deccan Aviation Ltd.

DATED: October 31, 2007

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

In the matter of the application of

DECCAN AVIATION LTD.

for an exemption from 49 U.S.C. §41301

Docket DOT-OST-2007-____

APPLICATION FOR EXEMPTION

Deccan Aviation Ltd. ("Deccan") pursuant to 49 U.S.C. 40109, hereby requests an exemption from 49 U.S.C. 41301 and, to the extent necessary, from any other provisions of Title 49 and the Economic Regulations of the Department of Transportation ("Department") to permit Deccan to engage in the (i) scheduled foreign air transportation of persons, property and mail from points behind India, via India and intermediate points, to a point or points in the United States, and beyond; and (ii) charter foreign air transportation of persons, property and mail between India and the United States, and other charters, in accordance with 14 C.F.R. 212.¹ To the extent necessary, Deccan also asks that its authority include the right to operate using the trade name "Kingfisher Airlines" and the same two-letter "IT" code currently used by Kingfisher

¹ Deccan will serve the United States using the name "Kingfisher Airlines" and "IT" code pursuant to an agreement with Kingfisher Airlines Ltd. Kingfisher Airlines Ltd. has authorized Deccan to state in this application that it has no objection to Deccan's use of the trade name "Kingfisher Airlines" and the "IT" code. All flights will be operated by Deccan crews using aircraft listed on Deccan's operations specifications. Deccan requests that any authority issued to it by the Department identify it as Deccan Aviation Ltd. d/b/a Kingfisher Airlines.

Application of Deccan Aviation Ltd.
Docket OST-2007-_____
October 31, 2007

Airlines Ltd. ("Kingfisher Airlines"). Deccan requests that any exemption granted by the Department pursuant to this application remain in effect for a period of at least two years.

Deccan would like the Department to understand that it is filing this application because the Government of India has yet to announce whether it will amend its current aviation policy requiring Indian carriers, including Deccan and Kingfisher Airlines, to have operated for five years domestically before becoming eligible for international authority. Deccan will meet this requirement in August 2008. Kingfisher Airlines would not meet the requirement until an additional period of time after that, assuming the Government of India's current aviation policy remains unchanged.²

Deccan and Kingfisher Airlines are related through a sister company of Kingfisher Airlines, which owns 46% of Deccan and is Deccan's largest shareholder. Kingfisher Airlines, through several of its sister companies, is now in full control of Deccan and has already commenced the process of planning Deccan's proposed international service which will operate seamlessly with Kingfisher's domestic intra-India services.

In further support of its application, Deccan states as follows:

1. The Applicant

Deccan is India's largest private helicopter charter and tour company and, through its wholly-owned subsidiary Air Deccan, operates India's largest domestic flight network.

² The most recent press announcements by the Government of India indicate that (i) it anticipates making a final decision no later than year end; and (ii) the new policy will most likely be based on a requirement that an Indian international carrier, rather than having five years of prior domestic service, will now be required to have a fleet of a certain size (possibly 20-30 aircraft)—a requirement Kingfisher Airlines would certainly satisfy. Consequently, Kingfisher Airlines is uncertain at this time whether the carrier serving the United States next summer will be Kingfisher Airlines, the applicant in Docket OST-2007-28959, or Deccan Aviation Ltd. d/b/a Kingfisher Airlines, the applicant in this docket. To be sure, only one exemption will be used and the other will be surrendered to the Department. But given current processing times, both applicants would ask that the Department contemporaneously process their applications so that the ultimate carrier serving the United States will have sufficient time to market its new India-United States service prior to an August 2008 commencement date.

Application of Deccan Aviation Ltd.
Docket OST-2007-_____
October 31, 2007

Air Deccan inaugurated service in August 2003 and focuses on providing low fare transportation in domestic Indian markets. Today, Air Deccan operates a fleet of 21 Airbus A-320 aircraft with an average age of less than two years as well as 21 ATR turboprop aircraft, and employs 3,000 people.

Air Deccan has grown significantly since its founding in 2003. In only four years, Air Deccan has increased its daily flights from 46 to 350, while the number of annual passengers has increased from 400,000 to more than 12 million. Destinations increased from 20 to 65, while its fleet has grown from eight aircraft to 42. The company has more than 75 short and medium haul aircraft on order, which will be delivered in the next four years. By any measure, Air Deccan has undergone enormous growth. For its planned international longhaul operations to, *inter alia*, the United States, Kingfisher Airlines would dry lease several of its A340-500 and other long range aircraft to Deccan.³ Those aircraft will be configured for three classes of service and will offer a number of state-of-the-art amenities including live television, award-winning meals and the latest ACARS communications and monitoring technology.

Deccan's entry into the India-U.S. market will provide passengers and shippers with a new and needed competitive alternative. Currently, there are only two Indian carriers serving the India-U.S. market—Air-India and Jet Airways. By contrast, a number of U.S. carriers—including American, Continental and Delta—currently operate nonstop service, while Northwest provides services via Europe. Clearly, approval of Deccan's application would serve the public interest.

³ Alternatively, depending on the circumstances, Kingfisher Airlines might assign to Air Deccan its purchase rights under its agreement with Airbus.

Application of Deccan Aviation Ltd.
 Docket OST-2007-_____
 October 31, 2007

2. Background Information

Deccan's registered and corporate office is located at the following address:

Deccan Aviation Ltd.
 35/2, Cunningham Road
 Bangalore 560 052 India

Deccan is a citizen of India and is substantially owned and effectively controlled by Indian citizens. As of September 30, 2007, the largest shareholder of Deccan is Kingfisher Radio Limited, a commonly-controlled affiliate and sister company of Kingfisher Airlines:

<u>Shareholder</u>	<u>Percentage of Equity Owned</u>	<u>Citizenship</u>
Kingfisher Radio Limited	38.77	India
UB Overseas Limited	7.20	British Virgin Islands
Capt. K.J. Samuel	6.15	India
Capt. G.R. Gopinath	8.54	India

No other person or entity owns five percent or more of Deccan's voting shares.

Kingfisher Radio Limited is incorporated in India and is a wholly-owned subsidiary of United Breweries (Holdings) Ltd. ("UBHL"). The principal shareholders of UBHL are Dr. Vijay Mallya (9.70%), McDowell Holdings Limited (8.85%) and Watson Limited (23.82%). Dr. Mallya and McDowell Holdings Limited are Indian citizens; Watson Limited is a citizen of Mauritius. No other individuals or entities own five percent or more of UBHL. UB Overseas Limited is incorporated in the British Virgin Islands and is wholly owned by UBHL through a combination of direct ownership (5%) and indirect ownership through two UBHL subsidiaries, UBHL(BVI) Ltd. (90%) and Kingfisher Radio Limited (5%).

Application of Deccan Aviation Ltd.
Docket OST-2007-_____
October 31, 2007

Deccan's board of directors consists of ten persons, all of whom are Indian citizens. Its key management team consists of ten persons; out of which nine are citizens of India and one a British citizen. Exhibit A hereto lists each of Deccan's directors, key management officials, and their citizenship.

Deccan submits it is substantially owned and effectively controlled by Indian citizens as required by Article 3(2)(a) of the U.S.-India Air Transport Agreement. The majority of the carrier's stock is owned by Indian citizens, all of its board members are Indian citizens and nine out of ten of its key managing officers are citizens of India. Thus, not only is Deccan majority-owned by Indian citizens, its day-to-day operations are controlled and managed by Indian citizens. Moreover, Deccan is shortly expecting the Indian Government to issue its international license and accompanying designation to conduct operations to the United States in accordance with the bilateral.⁴ Deccan satisfies the requirements of Article 3(2)(a) in every way.

3. The Proposed Service

Deccan intends initially to offer long haul nonstop services from a major city within India to one point in the U.S. Northeast and one point on the U.S. West Coast. Consistent with the terms of the bilateral agreement between the United States and India, Deccan requests from the Department an exemption permitting it to engage in the (i) scheduled foreign air transportation of persons, property and mail from points behind India, via India and intermediate points, to a point or points in the United States, and beyond; and (ii) charter foreign air transportation of persons, property and mail between India and the United States, and other charters, in accordance with 14

⁴ Deccan will promptly furnish these documents to the Department.

Application of Deccan Aviation Ltd.
Docket OST-2007-_____
October 31, 2007

C.F.R. 212, and that the Department's approval note that Deccan will serve the United States in the name of Kingfisher Airlines.

4. **Fitness**

Deccan's operations are authorized and regulated by the Government of India. Attached as Exhibit B is Deccan's homeland operating authority. India is a contracting State to the Convention on International Civil Aviation ("Chicago Convention") and observes all applicable ICAO standards. Deccan will shortly submit its Indian license authorizing it to serve the United States. The address of the Indian aeronautical authority is:

Directorate General of Civil Aviation (DGCA)
Department of Civil Aviation
Government of India
Technical Center
Opp. Safdarjung Airport
New Delhi—110 003, India

Maintenance on Deccan's long range aircraft will be performed by duly licensed and authorized providers. All maintenance is and will continue to be performed in accordance with programs that comply with the provisions of ICAO Pilots and Airmen Annexes 1, 6 (Part 1) and 7.

Deccan will separately file with the Department its insurance certificate, Warsaw agreement on Form OST 4523, passenger manifest data collection statement and family assistance plan.

Deccan has not had any tariff violations or fatal accidents during its years of operation. Deccan's financial statements are appended as Exhibit C.

Application of Deccan Aviation Ltd.
Docket OST-2007-_____
October 31, 2007

5. Public Interest Factors

Service between the United States and India is governed by the Air Transport Agreement between the two countries signed on April 14, 2005 ("Agreement"). The services proposed by Deccan are fully consistent with the Agreement. In particular, the Agreement provides in Annex I(1) that designated Indian carriers may operate from points behind India via India and intermediate points to a point or points in the United States and beyond. Annex II authorizes designated Indian carriers to operate charter services. Deccan expects to be designated shortly by the Indian Government to conduct scheduled and charter operations between India and the United States. The United States has consistently recognized that the inclusion of a point in a bilateral agreement to which the United States is a party and the designation of a qualified foreign carrier by its home country government for service to that point satisfy all relevant public interest requirements for grant of the exemption authority.⁵

6. Environmental Considerations

Deccan submits that its application raises no environmental or energy issues. All of Deccan's operations will be conducted in accordance with applicable noise abatement requirements utilizing modern, fuel-efficient Stage 3 aircraft. Approval of this application will not result in a near-term increase in fuel consumption of ten million gallons or more.

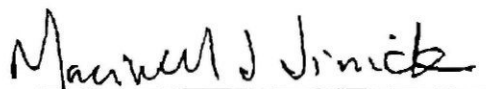
WHEREFORE, Deccan Aviation Ltd. respectfully requests that it be granted an exemption from 49 U.S.C. 41301 to the extent necessary to permit Deccan to conduct scheduled and charter foreign air transportation of persons, property and mail between India and the United

⁵ See, S.REP. No. 96-329, at 4 (1979), reprinted in 1980 U.S.C.C.A.N. 54, 57 ("The negotiation of a bilateral agreement itself represents a determination by the Government of the United States that the grant of route authority provided for under the bilateral is in the 'public interest.'").

Application of Deccan Aviation Ltd.
Docket OST-2007-_____
October 31, 2007

States as more fully described herein, or such other relief as the Department deems necessary and proper.

Respectfully submitted,



Marshall S. Sinick
Constance O'Keefe
Squire, Sanders & Dempsey L.L.P.
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
(202) 626-6651 phone
(202) 626-6780 fax
msinick@ssd.com

Counsel to Deccan Aviation Ltd.

DATED: October 31, 2007

Exhibit A**DECCAN AVIATION LTD.****Board of Directors**

<u>Name and Title</u>	<u>Citizenship</u>	<u>Address</u>
Lt. Gen. N.S. Narahari	Indian	Flat No. 105, Premia Agusta Thyagaraja Layout, Jai Bharat Nagar Bangalore India
Capt. G.R. Gopinath	Indian	G-3, Garden Apartments Vittal Mallya Road Bangalore India
Capt. K.J. Samuel	Indian	20, Trinity Orchards Geddalahalli Bangalore India
Mr. S.N. Ladhani	Indian	No. 12, 3 rd Main Road Jayamahall Extension Bangalore India
Mr. Vijay Amritraj	Indian	No. 109, Sterling Road Chennai India
Col. Jayanth K. Poovaiah	Indian	¼ Artillery Road Ulsoor, Bangalore India
Ms. Bala Deshpande	Indian	c/o ICICI Venture Funds Management Co., Ltd. Stanrose House, Ground Floor A.M. Marg, Prabhadevi Mumbai India
Mr. Anil Kumar Ganguly	Indian	Flat D-25, Diamond District Airport Road Bangalore India
Prof. P.N. Thirunarayana	Indian	578, 5 th Block, 11 th Main Jayanagar Bangalore India
Mr. Vishnu Singh Rawal	Indian	Flat No. 168, Surya Mukhi Apartments Vittal Mallya Road Bangalore India

Exhibit A**DECCAN AVIATION LTD.****Key Management Officials**

<u>Name and Title</u>	<u>Citizenship</u>
Ramki Sundaram Officiating Chief Executive/ Chief Financial Officer	Indian
Manab Bose Chief Human Resource Officer	Indian
Capt. Preetham Philip Deputy Chief Operating Officer (Operations)	Indian
Nick White Deputy Chief Operating Officer (Eng)	British
Capt. Rajiv Kothiyal Chief Pilot/ Deputy Vice President Flight Operations	Indian
Pankaj Chopra Head of Flight Safety	Indian
Vijaya Lukose Head of In-flight	Indian
Shabbir Khambata Vice President Airport Services	Indian
Devesh Desai Vice President Finance	Indian
Anand Ramachandran Vice President Finance	Indian

Exhibit A**DECCAN AVIATION LTD.****Key Management Officials****Ramki Sundaram**

Officiating Chief Executive Officer/Chief Financial Officer

Mr. Sundaram graduated from the IIT Chennai and earned his masters degree from XLRI Jamshedpur. He has more than ten years' experience as an investment banker and has substantial knowledge of various investment financial products including asset classes, structuring options and credit markets. Prior to joining Air Deccan, he led the aviation business of Investec Bank (UK) Ltd.

Manab Bose

Chief Human Resource Officer

Mr. Manab is responsible for all of Air Deccan's human resource management, and came to Air Deccan with more than two decades' of experience in human resources with international corporations. He worked during the 1990s as head of human resources for GE India, and subsequently worked as Group HR Head for the Tata Group, reporting directly to Mr. Ratan Tata. Mr. Bose then joined Colgate Palmolive India as Personnel Director, a post he held for five years before leaving for Air Deccan

Capt. Preetham Philip

Deputy Chief Operating Officer (Operations)

Captain Philip has more than 26 years of flight experience, and has worked previously with Malaysian Helicopters and Shell Oil, and with India's largest government-owned helicopter company Pawan Has. Captain Preetham authored the Shell safety management system, and was responsible for rescue operations for Deccan Aviation. He has a degree in aviation management from Pacific Western University.

Nick White

Deputy Chief Operating Officer (Eng)

Mr. White began his career in 1975 with Britannia Airways, a UK-based airline and rose to the position of Engineering and Maintenance Director for that airline. Britannia Airways was re-branded as Thompsonfly, a low cost carrier, and Mr. White was a key figure in the airline's re-organization from a full-service carrier to a low cost carrier. He was responsible for engineering and maintenance of their entire fleet, which operated from 25 UK airports to 86 international destinations. His last position was as Director Operations of Thompsonfly. Mr. White also has experience in supply chain management, logistics and purchasing. In his current position, he is responsible for maintaining fleet availability, managing aircraft performance and supervising flight operations. He will also assume responsibility the direct management and administration of all aircraft maintenance activities.

Exhibit A**DECCAN AVIATION LTD.****Key Management Officials****Capt. Rajib Kothiyal**

Chief Pilot/Deputy Vice President Flight Operations

Captain Kothiyal is responsible for aircraft operations and day-to-day management and recruitment of pilots. He is a former military fighter pilot, instructor pilot and test pilot with 23 years of service. As an operational fighter pilot, he flew 43 different types of aircraft. Following his military career, Captain Kothiyal flew ATR42 and A320 aircraft. He is a check captain on both aircraft and has more than 5,600 hours of flying experience on turboprop and jet aircraft.

Pankaj Chopra

Head of Flight Safety

Captain Chopra has 29 years of experience in aviation, and more than 5,000 hours of flying time on fighter, trainer and transport aircraft. He is a qualified flight instructor and examiner with extensive instructional experience, and has taught at the Air Force Academy in Hyderabad, India. Captain Chopra is responsible for Air Deccan's overall flight safety, which includes accident prevention, CVR/DFDR analysis, exceedance monitoring and safety audits. Captain Chopra is also responsible for establishing Air Deccan's Safety Management System.

Vijaya Lukose

Head of In-Flight

Ms. Lukose is India's first female flight safety instructor and has worked with Air-India, Eastern Airlines, and East-West Airlines. She completed training by Boeing in Seattle, Fokker in Amsterdam and by IATA in Geneva. Ms. Lukose is an FAA and DGCA certified flight safety instructor.

Shabbir Khambata

Vice President, Airport Services

MS. Khambata has more than 31 years of experience in the aviation industry and has worked with Swissair, Kuwait Airways Corporation and KLM Royal Dutch Airlines. Prior to joining Air Deccan, she served as Manager, Ground Operations, with Air Arabia.

Devesh Desai

Vice President, Finance

Mr. Desai is a finance professional with substantial experience in designing and implementing business systems. He has handled a broad range of accounting, finance, secretarial and IT functions in the services/software and process/chemicals/semiconductor sectors at the plant and corporate levels.

Exhibit A

DECCAN AVIATION LTD.

Key Management Officials

Anand Ramachandran

Vice President, Finance

Mr. Ramachandran has twelve years of finance experience. He joined Air Deccan in 2007, and was previously with the Reliance ADA Group, where he was a member of the corporate finance team. Prior to that, Mr. Ramachandran was with Jet Airways, where he worked in corporate planning, aircraft evaluation, aircraft finance/leasing and support services. At Air Deccan, he is responsible for key areas of strategic planning and finance, management information systems (MIS) and investor relations. Mr. Ramachandran holds a masters degree in management with specialization in finance and marketing from Pondicherry University.

Exhibit B

DECCAN AVIATION LTD.

Homeland Operating Authority



भारत सरकार

GOVERNMENT OF INDIA

डी पी सी ए परिसर सफदरजंग एयरपोर्ट के सामने नई दिल्ली - 3
DGCA Complex, Opp Safdarjung Airport, New Delhi - 3

परमिट नं.

PERMIT NO. 3-12

अनुसूचित विमान परिवहन सेवा (यात्री/कargo) प्रचालन के लिए परमिट
PERMIT TO OPERATE SCHEDULED AIR TRANSPORT SERVICES
(PASSENGER/CARGO)

Permission is hereby granted to

M/S. Deccan Aviation (P) Ltd.,
Jakkur Aerodrome, Bellary Road,
Bangalore-560 064.

को इसके साथ संलग्न परिशिष्ट 1 में सूचीबद्ध विमान द्वारा अनुसूचित विमान परिवहन सेवाएं (यात्री/कargo) प्रचालित करने के लिए एतद्वारा अनुमति प्रदान की जाती है।

to operate Scheduled Air Transport Services (Passenger/Cargo) with aircraft listed in the Appendix 1 hereto

यह परमिट इसके साथ संलग्न परिशिष्ट 2 में विनिर्दिष्ट अवधि के लिए वैध होगा बशर्त कि वायुयान अधिनियम 1934, वायुयान नियम 1937 तथासंशोधित, के प्रावधानों और समय-समय पर उक्त अधिनियम और नियमों के अंतर्गत जारी किन्हीं आदेशों, निर्देशों या अपेक्षाओं का अनुपालन किया गया हो और साथ ही संलग्न परिशिष्ट 4 में निहित प्रचालन विनिर्देशक और परिशिष्ट 3 में विनिर्दिष्ट शर्तों के अनुपालन और समय-समय पर उक्त शर्तों या विनिर्देशनों में किए गए कोई संशोधन या परिवर्धन के अनुपालन पर आधारित होगा।

This permit shall be valid for the period specified in Appendix 2 hereto, subject to the compliance with the provisions of the Aircraft Act, 1934, the Aircraft Rules, 1937 as amended, and any Orders, Directions or Requirements issued under the said Act and Rules from time to time and further subject to observance of the conditions specified in Appendix 3 and Operations Specifications contained in Appendix 4 hereto and any modifications or additions to the said conditions or specifications which may be made from time to time

यह परमिट अहस्तांतरणीय है।

This permit is non-transferable

In lieu of Permit No. S-12
issued on 26.08.2003.

तारीख/Date: 29.12.2005



(P.K. CHATTOPADHYAY)

नई दिल्ली
New Delhi

JOINT

संयुक्त महानिदेशक, नागर विमानन
DIRECTOR GENERAL OF CIVIL AVIATION

13 Apr 2007 10:21 P.02

APPENDIX 1

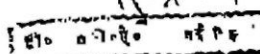
**PERMIT TO OPERATE
SCHEDULED AIR TRANSPORT SERVICES (PASSENGER)**

M/S. Deccan Aviation Pvt. Ltd.
P.O. Jaldur Aerodrome,
Bellary Road,
Bangalore-560 064.





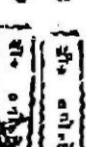







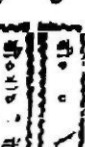


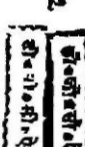
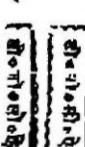
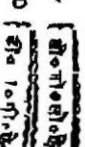
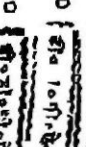

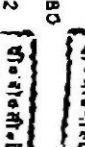
PERMIT No. S-12

The following aircraft can be operated under the authority of this permit for scheduled Air Transport Services:

S.No	Aircraft Regn. No	Type of aircraft	Serial No of Aircraft	Seating Capacity	Signature
1.	VI-ADA	ATR-42-320	388	48	
2.	VI-ADC	ATR-42-320	333	48	
3.	VI-ADE	ATR-42-320	406	48	
4.	VI-ADF	ATR-42-320	351	48	
5.	VI-ADG	ATR-42-320	397	48	
6.	VI-ADZ	Airbus A-320	977	180	
7.	VI-ADY	Airbus A-320	943	180	
8.	VI-ADX	Airbus A-320	932	180	
9.	VI-ADEH	ATR-42-500	510	48	
10.	VI-ADJ	ATR-42-500	612	48	
11.	VI-ADL	ATR-42-500	574	48	
12.	VI-ADK	ATR-42-500	613	48	
13.	VI-ADV	Airbus A-320	2366	180	
14.	VI-ADW	Airbus A-320	2376	180	
15.	VI-ADI	ATR-42-500	503	48	
16.	VI-ADM	ATR-42-500	556	48	

get 29/1/05


13 Apr 2007 10:22 P 03

S.No	Aircraft Regn No	Type of aircraft	Serial No of Aircraft	Sealing Capacity	Signature
17.	VT-ADN	ATR-72-500	716	72	
18.	VT-DKA	ATR-72-212A	718	72	
19.	VT-DKB	ATR-72-212A	720	72	
20.	VT-DK2	ATR-72-212A	724	180	
21.	VT-DKX	ATR-72-212A	726	180	
22.	VT-DKE	ATR-72-212A	728	72	
23.	VT-ADP	ATR-72-500	735	48	
24.	VT-ADO	ATR-72-500	737	48	
25.	VT-DKX	ATR-72-212A	739	180	
26.	VT-DKX	ATR-72-212A	741	180	
27.	VT-DK2	ATR-72-212A	743	72	
28.	VT-DK2	ATR-72-212A	745	180	
29.	VT-DKX	ATR-72-212A	747	180	
30.	VT-DKX	ATR-72-212A	749	180	
31.	VT-DKX	ATR-72-212A	751	180	
32.	VT-DK2	ATR-72-212A	753	180	
33.	VT-DKD	ATR-72-212A	755	72	
34.	VT-ADO	ATR-72-500	757	48	
35.	VT-DKE	ATR-72-212A	759	72	
36.	VT-ADO	ATR-72-212A	761	180	
37.	VT-ADT	ATR-72-212A	763	180	
38.	VT-ADS	ATR-72-212A	765	180	
39.	VT-DK1	ATR-72-212A	767	72	
40.	VT-ADR	ATR-72-212A	769	180	
41.	VT-DK1	ATR-72-212A	771	72	

18 Jul 2007 18:35 P.04

S.No.	Aircraft Regn. No.	Type of aircraft	Serial No. of Aircraft	Seating Capacity	Signature
42.	VT-DNZ	Airbus A-320	3012	180	डी.जी.सी.टी. [Signature]
43.	VT-DKH	ATR 72-212A	739	72	डी.जी.सी.टी. [Signature]
44.	VT-DNY	Airbus A-320	3162	180	डी.जी.सी.टी. [Signature]
45.	VT-DNY	Airbus A-320	3183	180	डी.जी.सी.टी. [Signature]

APPENDIX 3

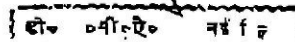
**PERMIT TO OPERATE
SCHEDULED AIR TRANSPORT SERVICES (PASSENGER)**

M/S. Deccan Aviation Pvt. Ltd.
P.O. Jakkur Aerodrome,
Bellary Road,
Bangalore-560 064.

PERMIT No. S-11

CONDITIONS FOR OPERATIONS

1. The Permit Holder shall comply with the provisions of Aircraft Act 1934, Aircraft Rules 1937 as amended and the orders/directions/requirements issued under the said Act and Rules from time to time.
2. Scheduled air transport operations shall be conducted only from approved operational bases. Except in the case of emergency, no place shall be used for landing and departure other than an approved/licensed aerodrome.
3. For operations to Defence airfields, requirements laid down in CAR Section 3 Series 'D' shall be complied with.
4. The Permit holder shall get the schedule of flights approved by the DGCA well in advance and shall operate services in accordance with the schedule approved from time to time and in conformity with terms and conditions of the approval. No change in the schedule shall be made without prior approval of the DGCA.
5. The permit holder shall operate flights in conformity with the provisions of Company's Operations manual, a copy of which shall be carried on board every flight.
6. The Permit holder shall keep the DGCA informed about cancellation of any flights with reasons thereof. Further, it shall be ensured that the operations are conducted meeting the minimum requirements of category wise capacity deployment as contained in CAR Section 3, Series 'C' part II. Non-compliance of this condition by the Permit holder may entail mandatory adjustment by the DGCA in the flight schedules to ensure compliance.
7. The Permit holder shall be responsible for payment to the concerned authorities all applicable charges and taxes pertaining to the operation of air transport services.
8. The permit holder shall be responsible to ensure that all security requirements relating to aircraft operations stipulated by Bureau of Civil Aviation Security are complied with. The crew members, passengers and cargo carried shall be subjected to the laid down security checks.
9. No aircraft other than those entered in this permit shall be operated under the authority of this permit. However, the permit holder may with prior permission of the competent authority, borrow aircraft from another operator for short duration to meet its commitments of air transportation.
10. No aircraft shall be operated under the authority of this permit unless the aircrews comply with the requirements laid down in the Aircraft Rules 1937 and other requirements specified by the DGCA from time to time.
11. The Flight and Duty Time Limitations of the crew shall be governed by the Aircraft Rules 1937 and the requirements as specified by the DGCA from time to time.

Permit 29/11/05


-2-

- 12 For operations under instrument meteorological conditions, the aircraft shall be fitted with suitable equipment required for instrument flying and pilots shall hold appropriate and valid instrument rating.
- 13 The Permit holder under shall carry mail only with the prior written approval of the Director General of Posts in accordance with Rule 10 of the Aircraft Rules, 1937.
- 14 All aircraft engaged in air transport operation shall carry a route guide.
- 15 The holder of this permit shall regularly submit to the DGCA, monthly returns relating to their operational, engineering and traffic aspects and any other information required by DGCA or the Ministry of Civil Aviation.
- 16 The Permit holder shall submit an Annual return showing the financial results of the services or operations during each financial year. Such returns shall be submitted to the DGCA not later than three months after the expiry of the financial year.
- 17 Under no circumstances, the permit holder shall operate an aircraft without current insurance coverages adequate to meet the liability towards hull, crew, passengers, any other persons authorized to be on board, the third party and for cargo and baggage in accordance with the applicable laws.
- 18 The permit holder shall comply with the provisions of Carriage by Air Act, 1972 and all other applicable laws.
- 19 The operator shall be responsible for ensuring that no goods prohibited from being carried under any law for the time being in force, are carried in the aircraft operated under this permit.
- 20 Articles classified as dangerous goods, arms, ammunition, explosives and inflammable materials and such other articles as the Director General may decide from time to time shall be carried only with the prior approval of the DGCA.
- 21 The operator shall train adequate number of personnel in handling dangerous goods and shall ensure that all stipulated requirements with regard to packing, handling, loading/unloading and transportation of such goods are complied with.
- 22 A certified copy of this permit shall be kept on board each aircraft endorsed on the permit.
- 23 The DGCA and the Ministry of Civil Aviation may stipulate any other conditions considered necessary to ensure safety of operations or relax any requirement already specified.
- 24 Degradation of the operator's capabilities below the required level or breach of any of these conditions or of any provisions of the Aircraft Act, 1934 of the Aircraft Rules, 1937, orders/directions/requirements issued under the said Act or Rules shall render the permit liable to suspension/cancellation.

१६/११/०५
 [६० ०१:०० १६/११]

APPENDIX - 4
PERMIT TO OPERATE
SCHEDULED AIR TRANSPORT SERVICES (PASSENGER)

M/S. Deccan Aviation Pvt. Ltd.
P.O. Jakkur Aerodrome,
Bellary Road,
Bangalore-560 064.

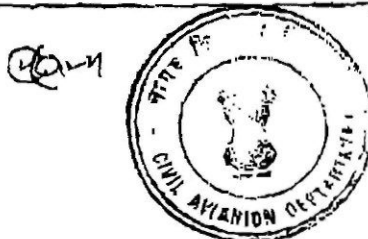
PERMIT No. S-12

OPERATIONS SPECIFICATIONS

1. Type of Operation - Transportation of Passengers and Cargo
2. Areas of Operation -
 1. Operations within India
 2. Operations to be conducted in accordance with the Flight schedule approved by DGCA

3. Special Authorisation and Limitations

Special Authorisations And Limitations	Types of Aircraft and Details of Authorisation
RVSM	<p>Approved in accordance with DGCA's letter No. No. AV 22028/3/2004-FID dated 24.08.2004 and DAW Bangalore letter No. Q/Deccan A-320/258 dated 31.01.2006, Q/Deccan A320/368 dated 16.02.2006, Q/Deccan A320/616 dt 08.03.2006, Q/Deccan A 320/953 dated 19.04.2006, dated 19.04.2006, A7-DKT/1086 dated 04.05.2006, A7-ADU/2672 dt.19.9.2006, A7-ADT/2950 dt. 18.10.2006, Q/Deccan A320/3022 dt. 30.10.2006, Q/Deccan(S)/1875 dt. 29.06.07, A7-ADR/3060 dated 06.11.2006 and Q/Deccan (s)/351 dt. 01.02.07 and Q/Deccan(S)/2044 dated 18.07.2007</p> <p>Airbus A-320: VT-ADZ, VT-ADY, VT-ADX, VT-ADW, VT-ADV, VT-DKZ, VT-DKY, VT-DKV, VT-DKX, VT-DKU, VT-DKW, VT-DKR, VT-DKS, VT-DKT, VT-ADU, VT-ADT, VT-ADS, VT-ADR, VT-DNZ, VT-DNY, VT-DNX</p>
RNAV	<p>Permitted in accordance with DGCA's letter No.33/15/2005-AI(1) dated 28.02.2006, Q/Deccan A320/1702 dated 14.07.2006, A7-ADU/2701 dt. 21.09.2006, A7-ADT/2951 dt.18.10.2006, Q/Deccan A320/3023 dt.30.10.2006, A7-ADR/3061 dated 06.11.2006, Q/Deccan(s)/350 dt. 01.02.2007, Q/Deccan(S)/1874 dated 29.06.07 and Q/Deccan(S)/2043 dated 18.07.2007</p> <p>Aircraft - Airbus A-320: VI-ADZ, VI-ADY, VI-ADX, VI-ADV, VI-ADW, VI-DKZ, VI-DKY, VI-DKV, VI-DKX, VI-DKU, VI-DKW, VI-DKR, VI-DKS, VI-DKT, VI-ADU, VI-ADT, VI-ADS, VI-ADR, VI-DNZ, VI-DNY, VI-DNX</p>



18 Jul 2007 18:35 P.03

-2-

ILS Category-II	As per authorization issued for ILS category-II operation at all Airport equipped with ILS Cat-II with DH-100 feet and RVR-350 metres with the following aircraft vide FID letter No AV.22012/6/06-FID dated 20.12.2006 and DAW letter No 33/15/2005-AI(1) dated 09.01.2007: Airbus A320: VT-DKV, VT-DKU, VT-DKR, VT-DKS, VT-DKT, VT-ADU, VT-ADS, VT-ADR, VT-ADT.
ILS Category-III A	As per authorization issued for ILS Category-III A operation at All Airport with DH-50 feet and RVR 200 metres with the following aircraft vide 33/15/2005-AI(1) dated 03.05.2007 Airbus A320: VT-DKV, VT-DKU, VT-DKR, VT-DKS, VT-DKT, VT-ADU, VT-ADS, VT-ADR, VT-ADT.

New Delhi
Date 18.07.2007

(Charan Dass)
Dy Director General
For Director General of Civil Aviation



Exhibit C

DECCAN AVIATION LTD.

Financial Statements

Deccan Aviation Ltd.**Profit and Loss Account for the period April 1, 2005 to June 30, 2006 (USD)**

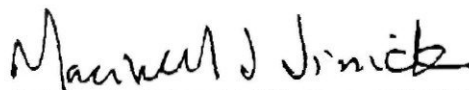
	For the Fifteen Months Ended June 30, 2006	For the Year Ended March 31, 2005
<hr/>		
<u>Income</u>		
Income from sale of airline tickets and other items	<u>303,030,000</u> <u>303,030,000</u>	<u>73,210,000</u> <u>73,210,000</u>
<u>Expenditure</u>		
Direct Operating Expenses	302,060,000	59,660,000
Personnel	57,990,000	11,900,000
Depreciation/Amortization	4,240,000	1,310,000
Other Expenses	<u>14,240,000</u> <u>378,530,000</u>	<u>4,470,000</u> <u>77,340,000</u>
Loss Before Taxation	(75,500,000)	4,130,000
Provision for Tax		
Deferred Tax Expense (credit)	0	(300,000)
Fringe benefit tax	<u>840,000</u>	<u>0</u>
Total tax expense (credit)	840,000	(300,000)
Loss after Taxation	(76,340,000)	(3,830,000)
Balance in profit and loss account, loss balance brought forward from previous period	<u>4,150,000</u>	<u>400,000</u>
Profit and Loss Account, Loss balance carried Forward to Balance Sheet	<u>(80,490,000)</u>	<u>(4,230,000)</u>

Deccan Aviation Ltd.
Balance Sheet as of June 30, 2006 (USD)

	As of June 30, 2006	As of March 31, 2005
<hr/>		
<u>SOURCES OF FUNDS</u>		
Shareholders' Funds		
Capital	22,010,000	3,700,000
Employee Stock Options	1,700,000	0
Reserves and Surplus	<u>107,030,000</u>	<u>3,650,000</u>
	130,740,000	7,350,000
Loan Funds	<u>101,240,000</u>	<u>65,030,000</u>
Total	<u>231,980,000</u>	<u>72,380,000</u>
<u>APPLICATION OF FUNDS</u>		
Fixed Assets		
Gross Block	55,440,000	12,630,000
Less: Accumulated Depreciation	<u>3,680,000</u>	<u>1,030,000</u>
Net Block	51,760,000	11,600,000
Capital Work in Progress	<u>64,230,000</u>	<u>34,990,000</u>
	115,990,000	46,590,000
Investments	90,000	100,000
Current Assets, Loans and Advances		
Inventories	12,840,000	8,320,000
Sundry Debtors	2,930,000	1,890,000
Cash and bank balances	57,490,000	18,950,000
Loans and Advances	48,620,000	7,790,000
Other current assets	<u>3,390,000</u>	<u>3,020,000</u>
	125,270,000	39,970,000
Less: Current Liabilities and Provisions		
Liabilities	97,300,000	24,860,000
Provisions	<u>1,330,000</u>	<u>240,000</u>
	98,630,000	25,100,000
Net Current Assets	26,640,000	14,870,000
Miscellaneous Expenditures	8,760,000	6,590,000
Profit and Loss Account	<u>80,500,000</u>	<u>4,230,000</u>
Total	<u>231,980,000</u>	<u>72,380,000</u>

CERTIFICATE OF SERVICE

I hereby certify that one copy of the foregoing Application of Deccan Aviation Ltd. has this day been served on each of the following individuals via e-mail.



Marshall S. Sinick

DATED: October 31, 2007

dvaughan@kelleydrye.com

mroller@rollerbauer.com

rpommer@atlasair.com

lachter@starpower.com

anbird@fedex.com

Kevin.montgomery@polaraircargo.com

whcallaway@zsrlaw.com

cargoair@aol.com

hkamen@coair.com

reohn@hhlaw.com

carl.nelson@aa.com

sascha.vanderbellen@nwa.com

rsilverberg@sbgdc.com

howard_kass@usairways.com

Jonathan.Moss@wilmerhale.com

jim.ballough@faa.gov

byerlyjr@state.gov